Message Text

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E.O. 11652: GDS

TAGS: EAID, MASS, IS

SUBJECT: ASSESSMENT OF SECURITY ASSISTANCE FOR FY-79

REFS: (A) STATE 133136, (B) TEL AVIV 4165

- 1. WHILE ISRAEL IS A SPECIAL CASE AND SOMEWHAT DIFFICULT TO DEAL WITH IN THE SUGGESTED FRAMEWORK, I WELCOME THIS OPPORTUNITY TO PROVIDE AN INPUT INTO THE FORTHCOMING REVIEW OF FY-79 SECURITY ASSISTANCE AND HAVE PREPARED AN EXTENSIVE SURVEY OF THE ISRAELI SECURITY SITUATION. OUR ASSESSMENT FOLLOWS GENERALLY THE OUTLINE IN REF A. WE HAVE EXCLUDED SECURITY SUPPORTING ASSISTANCE FROM THE ASSESSMENT SINCE THAT PART OF THE AID PACKAGE WAS COVERED IN REF B.
- 2. OVERVIEW THE UNITED STATES GOVERNMENT HAS LONG RECOGNIZED A COMMITMENT TO THE SECURITY AND SURVIVAL OF ISRAEL. OUR SECURITY ASSISTANCE RELATIONSHIP TO ISRAEL DERIVES ESSENTIALLY FROM THIS INFORMAL COMMITMENT, RATHER THAN FROM FORMAL AGREEMENT OR STRICT CONSIDERATIONS OF U.S. STRATEGIC INTERESTS, ALTHOUGH THERE ARE CONFIDENTIAL

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STRATEGIC OVERTONES RELATING TO OUR REGIONAL INTEREST AND THE NEED TO COUNTER SOVIET INFLUENCE IN THE AREA. ALSO, WE HAVE ALWAYS HOPED THAT OUR ASSISTANCE WOULD NOT ONLY ENABLE THE ISRAELIS TO DEFEND THEMSELVES BUT WOULD PROVIDE THEM WITH ENOUGH CONFIDENCE TO PROCEED TOWARES A SETTLEMENT OF THE ARAB/ISRAEL CONFLICT.

3. THE QUESTION, OF COURSE, IS NOT WHETHER WE SHOULD MAINTAIN A SECURITY ASSISTANCE RELATIONSHIP WITH ISRAEL, BUT RATHER THE CONTENT AND QUANTITY OF SUCH ASSISTANCE. ISRAEL'S LONG-TERM MILITARY EXPANSION AND MODERNIZATION PROGRAMS LAUNCHED IN 1974 ARE NOW WELL ALONG, FINANCED IN LARGE PART WITH U.S. ASSISTANCE. APPROVAL OF ITEMS ON THE VARIOUS REQUEST LISTS AND THEIR FINANCING HAVE CONSUMED ENORMOUS AMOUNTS OF NEGOTIATING TIME AND EFFORT AND HAVE BEEN AND WILL CONTINUE TO BE MAJOR IRRITANTS IN OUR BILATERAL RELATIONS. THE ISRAELIS ARE WELL AWARE THAT WE DO NOT TOTALLY AGREE WITH THEIR ASSESSMENT OF THE LONG-TERM EXTERNAL THREAT ON WHICH THEIR ARMS REQUESTS ARE BASED. WHILE THE U.S. ASSESSMENT HAS BEEN THAT ISRAEL ALREADY HAS OR IS PROJECTED TO HAVE ADEQUATE ARMS TO MEET ALL THREATS INTO THE EARLY 1980'S, A NEW LOOK AT REQUIREMENTS OVER THE NEXT SEVERAL YEARS IS NEEDED. PENDING COMPLETION OF THIS REVIEW, I BELIEVE THAT CONTINUATION OF THIS REVIEW, I BELIEVE THAT CONTINUATION OF FMS ASSISTANCE AT AT LEAST THE CURRENT \$1 BILLION LEVEL IS JUSTIFIED AND CLEARLY IN THE U.S. INTEREST. (THE STANDING ISRAELI REQUEST IS FOR \$1.5 BILLION IN FMS ASSISTANCE EACH YEAR). IF, AS WE ALL FERVENTLY HOPE, ARAB/ISRAEL NEGOTIATIONS ARE SUCCESSFUL, ADDITIONAL ASSISTANCE WILL BE JUSTIFIED TO COVER THE COST OF MILITARY WITHDRAWAL TO NEW DEFENSIVE POSITIONS.

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4. PRESENT AND FUTURE THREATS TO ISRAEL'S SECURITY. ISRAELI PERCEPTIONS OF THE PRESENT AND FUTURE THREATS TO THEIR SECURITY HAVE A POLITICAL AND A MILITARY DIMENSION.

A. IN THE POLITICAL SPHERE THE ISRAELIS ARE MOST CONCERNED BY ARAB EFFORTS TO ISOLATE THEM FROM THE REST OF THE WORLD AND PARTICULARLY THOSE EFFORTS DESIGNED TO CREATE A SCHISM IN U.S./ISRAELI RELATIONS. THEIR CONCERN IS THAT ANY INDICATION OF A SPLIT OR DETERIORATION OF THIS RELATIONSHIP, WHETHER REAL OR IMAGINED, MIGHT SERVE AS A CATALYST TO ARAB MILITARY ACTIONS. MAINTAINING THE U.S. COMMITMENT AND SUPPORT WILL BE ONE OF THE CRITICAL DETERMINANTS OF ISRAELI BEHAVIOR NO MATTER WHAT THE FUTURE HOLDS; NEGOTIATIONS, PEACE OR WAR. IN SUPPORT OF THE U.S. DESIRE TO RESUME THE PEACE PROCESS. THE GOVERNMENT OF ISRAEL HAS PUBLICLY ANNOUNCED A WILLINGNESS TO NEGOTIATE WITH ITS ARAB NEIGHBORS "WITHOUT PRECONDITIONS". PUBLIC STATEMENTS ALSO INDICATE THAT THE GOI WANTS TO NEGOTIATE A FINAL RATHER THAN ANOTHER INTERIM SOLUTION. HOWEVER, ISRAELIS DO NOT BELIEVE THAT THE CONDITIONS FOR TRUE PEACE EXIST AT

THIS TIME IN THE ARAB STATES. THIS IS REFLECTED IN THEIR MAJOR OBJECTIVES FOR PEACE NEGOTIATIONS; AN ACCEPTED DEFINITION OF PEACE AS A GOAL TO WORK TOWARDS AND THE NEED FOR SECURE BORDERS. IN THE PREVAILING CLIMATE ANY BORDERS ARE PERCEIVED AS "START WAR" LINES. THOUGH ISRAEL ENJOYS U.S. SUPPORT FOR THE REQUIREMENT TO DEFINE THE PEACE, AN AGREEMENT AS TO WHAT CONSTITUTES SECURE BORDERS IS YET TO BE ATTAINED. THE MINISTER OF DEFENSE RECENTLY STATED: "THERE ARE LARGE AREAS FOR DISCUSSION IN THE SIANI, SOME ROOM IN THE GOLAN, BUT THE DEFENSIVE BORDER TO THE EAST WILL NEED TO BE ON THE JORDAN RIVER, WITH ISRAELI-MANNED RADAR STATIONS ON THE MOUNTAIN RIDGES". HOW ISRAELI PROPOSALS MIGHT COINCIDE WITH THE U.S. CONCEPT OF DEFENSE VERSUS POLITICAL CONFIDENTIAL

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BORDERS OR FIT THE U.S. PERCEPTION OF "MINOR CHANGES" IN THE 1967 BORDERS (NOT TO MENTION THE ARAB POSITION OF "NOT ONE INCH") REMAIN TO BE SEEN. WHAT IS CLEAR IS THAT ISRAEL'S SECURITY REQUIREMENT WILL HAVE TO BE FOUND

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IN A POLITICAL SOLUTION WHICH REDUCES THE ARAB THREAT AS PERCEIVED BY ISRAELIS. SOME COMPROMISE AMONG THE VARIABLES OF STRATEGIC TERRAIN, PROXIMITY OF FORCES,

LEVELS OF STANDING FORCES AND TYPES OF WEAPONS MUST BE FOUND APART FROM U.S. GUARANTEES IN ORDER THAT ISRAEL WILL FEEL COMPETENT SHE CAN ASSURE HER OWN SECURITY

B. THE MILITARY THREAT CONFRONTING ISRAEL IS POSED BY A COMBINATION OF RELATIVELY LARGE STANDING FORCES OF THE IMMEDIATE CONFRONTATION STATES (SYRIA, EGYPT AND JORDAN) AND THE MILITARY FORCES AND RESOURCES OF THE OTHER ARAB STATES. ISRAEL PERCEIVES THIS THREAT AS EQUIVALENT TODAY WITH THAT POSED BEFORE THE YOM KIPPUR WAR - AND GROWING INCREASINGLY OMINOUS. ISRAEL BELIEVES THAT THE ARAB STATES HAVE THE CAPABILITY NOW TO CONDUCT A SUDDEN ATTACK ON MULTIPLE FRONTS WITH MINIMUM WARNING TIME. THE OBJECTIVES OF SUCH AN ATTACK COULD BE EITHER A DECISIVE MILITARY VICTORY OR. MORE PROBABLY, TO ACHIEVE LIMITED MILITARY OBJECTIVES FOR POLITICAL PURPOSES. SYRIA HAS RECEIVED SIGNIFICANT NEW EQUIPMENT AND TRAINING FROM THE RUSSIANS, AND ITS LEBANESE INVOLVEMENT HAS ADDED DIMENSION TO THE CONFIDENTIAL

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EXPERIENCE AND CAPABILITY OF ITS FORCES, JORDAN HAS REORGANIZED ITS FORCES FROM INFANTRY TO MECHANIZED WITH RESULTANT INCREASES IN MOBILITY AND CAPABILITY. WITH THE INTRODUCTION OF AN AIR DEFENSE CABPAILITY PROVIDED BY HAWK MISSILES AND WITH THE INCREASINGLY CLOSE MILITARY COOPERATION BETWEEN SYRIA AND JORDAN, ISRAEL PERCEIVES A NEW THREAT ALONG ITS EXTENDED BORDER WITH JORDAN. IRAQ CONTINUES TO EXPAND AND IMPROVE ITS MILITARY FORCES AND HAS ADDED THE NECESSARY MOBILITY THROUGH TANK TRANSPORTERS TO AUGMENT EITHER A SYRIAN OR JORDANIAN FRONT. EGYPT HAS SUCCEEDED IN ACHIEVING SOURCES OF SPARE PARTS AND EQUIPMENT TO SUPPORT PRE-YOM KIPPUR LEVELS OF TRAINING AND ACTIVITY WHILE DIVERSI-FYING HER ARSENAL BY ADDING NEW WESTERN TECHNOLOGIES. LIBYA HAS ACQUIRED A LARGE INVENTORY OF MAJOR WEAPON SYSTEMS AND COULD RESUPPLY EGYPT OR OTHER ARAB STATES WITH SOVIET WEAPONS. SAUDI ARABIA HAS A GROWING MILITARY CAPABILITY BASED ON WESTERN TECHNOLOGY AS WELL AS THE CAPABILITY TO EMPLOY THE OIL WEAPON FOR POLITICAL PURPOSES. TRENDS AND CONDITIONS CONSIDERED BY THE ISRAELIS AS MOST OMINOUS FOR THE FUTUE ARE THE VAST WEALTHOF THE ARAB STATES WHICH ASSURES ACCESS TO ALL SOURCES OF MODERN WEAPONS, ENHANCEMENT OF ARAB MILITARY CAPABILITIES BECAUSE OF THE INCREASING ACCESS TO WESTERN TECHNOLOGY AND TRAINING, AND THE CAPABILITY OF RUSSIA TO RESUPPLY CLIENT STATES WITH MODERN WEAPON SYSTEMS FROM HER MUCH LARGER INVENTORIES AT A FASTER RATE THAN THE UNITED STATES. TO COPE WITH THIS INCREAS-ING THREAT WITHIN THE CONSTRAINTS OF LIMITED STRATEGIC

DEPTH, MANPOWER, AND ECONOMIC RESOURCES, ISRAEL HAS FOCUSED HER EFFORTS ON ACHIEVING ACCESS AND CAPABILITIES IN RESEARCH AND DEVELOPMENT AND ADVANCED TECHNOLOGY TO ASSURE MAINTENANCE OF A SUPERIOR QUALITATIVE EDGE CONFIDENTIAL

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IN HER MILITARY FORCES OVER HER INDIVIDUAL OR COMBINED OPPONENTS FOR THE INDEFINITE FUTURE. TO ACHIEVE THIS OBJECTIVE ISRAEL IS ALMOST TOTALLY DEPENDENT ON UNITED STATES SUPPORT AND HENCE THE IMPORTANCE OF THE CO-PRODUC-TION AND TECHNOLOGY TRANSFER ISSUES. C. THE ISRAELI MILITARY STRATEGY IS A DEFENSIVE MODEL BASED ON THE PREMISE OF A SUDDEN ATTACK BY ARAB STATES ON MULTIPLE FRONTS WITH MINIMUM WARNING TIME. AT PRESENT, THIS DEFENSIVE STRATEGY DOES NOT INDICATE A PRE-EMTIVE STRIKE BY ISRAEL IN RESPONSE TO WARNING INDICATORS. SUCH A STRIKE IS NOT CONSIDERED MILITARILY FEASIBLE WITHOUT A PRECEDING BUILDUP OF TENSIONS RESULTING IN MOBILIZATION, A 36-72 HOUR PROCESS. ONCE MOBILIZED, AND IF ALL INDICATORS ARE EVALUATED AS PRE-DICTING AN IMMINENT ARAB OFFENSIVE, THE POSSIBILITY OF AN ISRAELI PREVENTIVE ATTACK INCREASES SHARPLY, ISRAEL WOULD INITIALLY DEPLOY HER FORCES TO FIGHT ONE AND ONE-HALF WARS, DEFENDING IN THE SINAI AND ALONG THE LEBANESE AND JORDANIAN BORDERS, AND CONCENTRATING OFFENSIVE FORCE OPERATIONS AGAINST SYRIA ON THE NORTHER FRONT. AFTER ACHIEVING HER OBJECTIVES AGAINST SYRIA. OFFENSIVE ACTIONS WOULD BE CONCENTRATED AGAINST OTHER FRONTS. A WAR OF SHORT DURATION (LESS THAN 30 DAYS) IS ANTICIPATED. THE OBJECTIVE WOULD BE TO ACHIEVE A DECISIVE VICTORY, DEFINED AS THE EFFECTIVE DESTRUCTION OF ENEMY MILITARY FORCES. THE ISRAELIS STATE THAT THEIR STRATEGY IS BASED ON "MOST PROBABLE" ASSUMPTION DERIVED FROM ARAB FORCE LEVELS. PERCEIVED CAPABILITIES, POLITICAL STATEMENTS AND HISTORI-CAL EXAMPLE. IT INCLUDES CONSIDERATIONS OF ACCEPTABLE RISKS AND MANPOWER AND FISCAL RESTRAINTS AND RESULTS IN AN ADVERSE FORCE RATION OF 1:4 ON DEFENSIVE FRONTS AND 1:1 FOR OFFENSIVE PLANNING. OUR ASSESSMENT OF THE THREAT

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GENERALLY IS IN ACCORD WITH THAT OF ISRAEL AS CONCERNS THE STRENGTH AND OPERATIONAL CAPABILITIES OF THE CONFRONTATION STATES AND OF IRAQ. SOME DIFFERENCES EXIST IN THE ASSESSMENT OF THE CAPABILITIES OF OTHER ARAB STATES AS CONCERNS COMBAT CAPABILITIES, PARTICULARLY SAUDI ARABIA, AND THE EFFECTIVE PARTICIPATION OF LIBYA AS A RESUPPLY SORCE FOR SYSTEMS. HOWEVER, WE AGREE THAT NON-CONFRONTATON ARAB STATES WOULD PROBABLY DISPATCH EXPEDITIONARY FORCES IN THE EVENT OF A CONFLICT. WE EVALUATE THE ISRAELI STRATEGY AS RATIONAL AND WITHIN THE COUNTRY'S CURRENT CAPABILITIES.

5. FORCE PLANNING. ISRAEL'S MILITARY ESTABLISHMENT IS
BASED UPON THE NEED FOR ABSOLUTE AIR SUPERIORITY, A
HIGHLY MOBILE GROUND FORCE HEAVILY WEIGHTED WITH ARMORED
ECHELONS, AND A NAVAL FORCE ADEQUATE TO PROTECT COASTAL
AREAS AND THE SEA LANES OF COMMUNICATION.
A. THE GROUND ELEMENT IN 1979 WILL CONSIST OF 11
ARMORED DIVISIONS AND 12 INDEPENDENT MECHANIZED INFANTRY
BRIGADES. THE MAJORITY OF THE FORCE (8 DIVISIONS AND
10 INFANTRY BRIGADES) IS RESERVE WITH AN APPROXIMATE
48 HOUR MOBILIZATION TIME REQUIREMENT.
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B. THE AIR FORCE IN 1979 WILL CONSIST OF APPROXIMATELY 525 FIGHTER AIRCRAFT. THE PILOT FORCE WILL CONSIST OF A MIXTURE OF YOUNG, HIGHLY TRAINED PILOTS WITH LITTLE COMBAT EXPERIENCE AND OLDER, HIGHLY EXPERIENCED COMBAT VETERANS. THE MAJORITY OF THE OLDER PILOTS ARE RESERVES. WHILE THE RATIO OF AIRCREW TO AIRCRAFT IS LOWER THAN THE USAF, THE IAF WILL HAVE NO TROUBLE MAINTAINING DESIRED SORTIE LEVELS. THE RESERVE PILOTS CAN BE FULLY MOBILIZED IN 6-8 HOURS. MAINTENANCE PERSONNEL ON ACTIVE DUTY WILL BE ABLE TO HANDLE ALL MAINTENANCE DUTIES UNTIL THE MOBILIZATION OF THE RESERVES IN 12-18 HOURS. THIS FORCE WILL GIVE ISRAEL THE TOTAL AIR

SUPERIORITY IT REQUIRES.

C. THE ISRAELI NAVY, THROUGH AN EFFECTIVE COMBINATION OF MISSILE BOATS AND SUBMARINES WITH REQUIRED SUPPORT SHIPS, EMPLOYS A SEA-CONTROL STRATEGY IN THE EASTERN MEDITERRANEAN AND RED SEA AREAS IN ORDER TO PROTECT ISRAEL'S SEA LANES. A SUFFICIENT MIX OF COASTAL SURVEILLANCE RADAR STATIONS AND PATROL GUN BOATS AUGMENT THE MISSILE BOAT AND SUBMARINE ARMS TO COUNTER COASTAL THREATS FROM NAVAL AND/OR TERRORISTS UNITS. THE ISRAELI NAVAL STRATEGIC PHILOSOPHY STRESSES OFFENSIVE OPERATIONS WITH THE EMPHASIS ON SPEED AND FLEXIBILITY. MOBILIZATION TVIME IS NOT CONSIDERED A LIMITING FACTOR BECAUSE THE NAVY IS PREDOMINANTLY AN ACTIVE DUTY FORCE.

D. WE CONSIDER THESE FORCE LEVELS TO BE REASONABLE TO MEET THE PROJECTED THREAT IN 1979 AND RECOMMEND APPROPRIATE U.S. ACTIONS TO MEET AND SUSTAIN THESE LEVELS.

6. PROCUREMENT IN U.S. IN FY-79. THE FOLLWOING REPRESENTS THE EMBASSY'S ESTIMATE OF FY-79 DEFENSE ARTICLES AND SERVICE PRIORITIES; ALL ITEMS WILL BE PURCHASED UNDER FMS FINANCING. CONFIDENTIAL

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A. FOLLOW-ON SUPPORT. THIS IS DEFINED AS "REPAIR PARTS, AMMUNITION, AND OTHER MATERIEL THWT IS CONSUMED TO MAINTAIN AND OTHERWISE SUSTAIN ISRAEL'S INVENTORY OF U.S. EQUIPMENT AND TO PERMIT MINIMUM LEVELS OF TRAINING REQUIRED FOR COMBAT READINESS". IT IS EXPECTED TO TOTAL APPROXIMATELY 600 MILLION DOLLARS. THIS LEVEL REPRESENTS A DECISION TO REDUCE FOLLOW-ON SUPPORT PURCHASE AS COMPARED TO PERCEIVED REQUIREMENTS. FUNDING WILL BE USED TO PURCHASE SUPPLIES AND SERVICES IN THE U.S. FOR REQUIRED MAINTENANCE OF U.S. PROCURED SYSTEMS AND TRAINING OF THE FORCES. NO LOWER COST LEVEL ALTERNATIVE EXISTS WITHOUT SEVERE ADVERSE IMPACT UPON FORCE READINESS.

B. RELEASE OF TECHNOLOGY. ISRAEL WILL CONTINUE
TO REQUEST THE RELEASE OF DEFENSE RELATED ADVANCED
TECHNOLOGY, PARTICULARLY IN THE AREAS OF THERMAL IMAGING
(FLIR), ELECTRO-OPTICS, TARGET ACQUISITION, LASER AND
ELECTRONICS (EW/ISGINT), IMPROVED ARMOR AND IMPROVED
MUNITIONS. THEIR INTENTION IS TO DEVELOP AN IN-COUNTRY
PRODUCTION CAPABILITY, IMPROVE COMBAT AND COMMAND AND
CONTROL CAPABILITIES, AND CONTRIBUTE TO THE DEVELOPMENT OF THEIR INDUSTRIAL INFRASTRUCTURE WHICH IS
VIEWED AS ESSENTIAL TO THEIR CONTINUED INTERNAL SOCIAL
AND ECONOMIC DEVELOPMENT. BY PROVIDING SUCH DATA
THE U.S. WOULD INCUR THE POSSIBILITY OF THE COMBAT COMPROMISE OF OUR TECHNOLOGICAL ADVANTAGE IN KEY AREAS,
(THE POSSIBLE LOSS OF SUCH TECHNOLOGY BY DELIBERATE

COMPROMISE IS CONSIDERED MINIMAL.) A FAVORABLE RESULT FROM PROVIDING SUCH TECHNOLOGY COULD BE A REDUCTION IN REQUESTS FOR U.S. PRODUCED END ITEMS. THIS EMBASSY RECOMMENDS THAT EACH REQUEST BE REVIEWED INDEPENDENLY. HOWEVER, THE ENTIRE REVIEW AND APPROVAL PROCESS MUST BE STREAMLINED AND CHARACTERIZED BY EFFECTIVE COMMUNICATION TO REDUCE THE UNCERTAINTIES AND TENSIONS GENERATED BY EXTENDED DELAYS. THE ALMOST INEVITABLE ALTERNATIVE TO PROVIDING TECHNOLOGY IS THE PROVISION OF END ITEMS. CONFIDENTIAL

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C. THE FIRST PRIORITY OF THE IAF IS ACQUISITION
OF THE F-16. THE NUMBER OF F-16S THEY WILL BE INTERESTED
IN ACQUIRING WILL BE DECIDED BY THE THREAT AND BY THE
AMOUNT OF CO-PRODUCTION OFFERED. ISRAEL PROJECTS AN
ARAB AIR THREAT OF 2100 AIRCRAFT BY 1985. IDEALLY,
ISRAEL WOULD LIKE A 1 TO 1 OR, AT WORST, A 2 TO 1 RATION
OF FIGHTER AIRCRAFT; HOWEVER, THEY HAVE REACHED THE
DECISION THAT CONSTRATINTS SUCH AS SPACE ON AVAILABLE
BASES, TRAINED MANPOWER AND BUDGET WILL LIMIT THEIR

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FORCE TO A RATIO OF 3 TO 1, OR APPROXIMATELY 700 FIGHTER AIRCRATFT. WE ARE OF THE OPINION THAT A FIGHTER FORCE OF APPROXIMATELY 600 AIRCRAFT WOULD BE ADEQUATE TO THE

THREAT AND IS A MORE REALISTIC REFLECTION OF ISRAELI ABILITIES AND CONSTRAINTS. PROJECTED IAF ESTIMATES FOR 1985 ARE FOR A FORCE OF 479 AIRCRAFT WITHOUT THE F-16. THIS WOULD INDICATE THE NEED FOR APPROXIMATELY 125 F-16S BY THAT TIME. ISRAEL HAS REQUESTED CO-PRODUCTION ARRANGEMENTS FOR A TOTAL BUY OF 250 F-16S. THIS PROGRAM WOULD EXTEND UNTIL THE 1989-1990 TIME PERIOD AND MAY OR MAY NOT ADD TO THE TOTAL INVENTORY OF APPROXIMETELY 600 FIGHTER AIRCRAFT. WE BELIEVE THE ISRAELI S WILL ATTEMPT TO USE CO-PRODUCTION TO ENHANCE AND FURTHER THE POTENTIAL OF THE ISRAELI AIRCRAFT INDUSTRY. THEREFORE, THE DECISION TO PROVIDE CO-PRODUCTION RIGHTS SHOULD BE APPROACHED CAUTIOUSLY AND. IF APPROVED. SHOULD BE GRANTED ONLY FOR A SPECIFIC AND FEASIBLE PLAN. WITH THIS APPROACH THERE IS THE POSSIBILITY THAT THE IAF MIGHT MANCEL THE ORDER FOR F-16S AND FILL THEIR REQUIREMENTS WITH AN INCREASED PURCHASE OF F-15S, RESULTING IN A FORCE MIX OF F-15S AND KFIR AIRCRAFT. WHILE THIS DECISION WOULD BE ACCOMPANIED WITH POLITICAL REVERBERATIONS, CONFIDENTIAL

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WE FEEL THAT ISRAELL SECURITY WOULD NOT SUFFER MILITARILY; AND IF SATISFACTORY FOREIGN MILITARY SALES WERE POSSIBLE COULD BE A BETTER ALTERNATIVE FROM A NATIONAL ECONOMY POINT OF VIEW. THE SECOND PRIORITY OF THE IAF IS ATTACK HELICOPTERS. ATTACK HELICOPTERS ARE TO BE UTILIZED AS RAPID RESPONSE GAP FILLERS TO SPAN THE PERIOD BETWEEN A SURPRISE ARAB ATTACK AND THE MOBILIZATION OF ITS RESERVE FORCES TO MEET THE THREAT. THOUGH THIS CONCEPT HAS NOT BEEN VALIDATED, IT IS A PARTICULARLY ATTRACTIVE OPTION IN VIEW OF ISRAEL'S MANPOWER LIMITATION CONSTRAINT. THE INITIAL REQUEST IS FOR A FORCE OF 30 AH-1 COBRAS WITH THE TOW MISSILE. HOWEVER, CURRENT PLANS INDICATE THE IDF DESIRES A TOTAL OF 100 ATTACK HELICOPTERS BY THE EARLY 1980S. THIS WOULD INDICATE REQUESTS FOR EITHER MORE AH-1S OR, MORE LIKELY, A LESS EXPENSIVE ATTACK HELICOPTER. WHICHEVER IT OPTS FOR, A COMBAT HELICOPTER FORCE OF THIS SIZE WILL PUT A SIGNIFICANT ADDITIONAL BURDER ON ISRAELI RESOURCES. THE THIRD PRIORITY ITEM THE IAF IS EXPECTED TO ORDER IS THERMAL IMAGING (FLIR) FOR THEIR ATTACK HELICOPER FLEET AND, LATER, FOR SOME OF THEIR FIGHTERS. THE ISRAELIS ARE ANXIOUS TO ENHANCE THEIR CAPABILITIES TO PRESS THE ATTACK 34 HOURS PER DAY, IN PARTICULAR DURING HOURS OF DARKNESS. THEY WERE SURPRISED BY THE INCREASE IN ARAB NIGHT FIGHTING CAPABILITIES DURING THE YOM KIPPUR WAR AND WITH TO REGAIN THE TECHNICAL EDGE IN THIS FORM OF COMBAT. D. TOP PRIORITY FOR THE GROUND ELEMENT WILL BE

TO CONTINUE TO MODERNIZE AND UPGRADE ITS TANK INVENTORY. IN-COUNTRY PRODUCTION OF A MAIN BATTLE TANK WILL NOT PROVIDE FOR TOTAL FUTURE MODERNIZATION OF THE ARMOR CORPS TANK FLEET, THE BACKBONE FO THE GROUND CONFIDENTIAL

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FORCES. ASSUMING THE U.S. PRODUCES THE XM-1. IT IS ANTICIPATED THAT ISRAEL WILL REQUEST CONSIDERATION FOR EARLY LINE ALLOCATION OF THAT TANK WITH DELIVERY IN THE EARLY 1980S. INTRODUCTION OF THE XM-1 WOULD REPRESENT A SUBSTANTIVE QUALITATIVE IMPROVEMENT. THE ISRAELI REQUEST WOULD BE BASED UPON THE INTRODUCTION OF NEW SOVIET TANKS (T-72) INTO ARAB INVENTORIES AND UPON THE DIFFICULTY OF MAINTAINING CONSIDERABLE NUMBERS (440) OF CAPTURED OBSOLESCENT SOVIET TANKS (T-54/55) IN THE IDF INVENTORY. WE ANTICIPATE THAT THE INITIAL REQUEST WOULD BE FOR AN ESTIMATED 400 XM-1S. APPROVAL OF THE XM-1 TO ISRAEL IN THE EARLY 1980S WOULD REQUIRE PROVISION PRIOR TO THE FULFILLING OF U.S. REQUIRMENTS AND THUS AN EXCEPTION TO CURRENT POLICY. AN ALTERNATIVE MIGHT BE TO OFFER ISRAEL M-60 SERIES TANKS FROM THE U.S. FLEET AS XM-1S ARE PHASED IN. ISREL WOULD ARGUE, OF COURSE, THAT THE M-60 REPRESENTS TECHNOLOGY OF THE 1950S AND DID NOT RESPOND TO THE THREAT OF NEW SOVIET SYSTEMS. E. FIRST PRIORITY IN THE FY-79 GOI REQUEST FOR NAVAL SUPPORT INVOLVES CONTINUING ACQUISITION AND FOLLOW-ON SUPPORT FOR THE HARPOON MISSILE. A CLOSE SECOND WILL BE ACQUISITION AND CO-PRODUCTION AGREEMENT FOR THE FLAGSTAFF CLASS PGH HYDROFOIL MISSILE BOAT. TRAINING AND FOLLOW-ON SUPPORT FOR HE VARIABLE DEPTH SONAR (VDS) WILL BE REQUESTED NEXT. THE ISRAELI NAVY STRONGLY DESIRES SOME MEANS TO COUNTER ASW HOMING TORPEDOES AND MAY REQUEST THE ETC-1 TORPEDO DECOY. FOR ANTI-MISSILE POINT DEFENSE, THE NAVY WILL REQUEST APPROVAL TO PURCHASE 76MMPROXIMITY FUZES. FINALLY, THEIR REQUEST TO BUY FOUR SWIMMER DELIVERY VEHICLES (SDV MARK VII) CAN BE EXPECTED. F. CONTINGENCY STOCKS. AS A RESULT OF SEVERE RESTRICTIONS PLACED UPON FOLLOW-ON SUPPORT BUDGETS, THE GROUND FORCES HAVE BEEN DRAWING DOWN CONTINGENCY RESERVE SPARE PARTS AND AMMUNITION STOCKS TO SUPPORT UNIT TRAINING AND READINESS. IT IS ANTICIPATED THAT, CONFIDENTIAL

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BY 1979, SUCH ACTION WILL HAVE DEPLETED CONTINGENCY STOCKS TO A LEVEL WHICH, IF FURTHER LOWERED, WILL RESULT IN AN

UNACCEPTABLE STATE OF READINESS. IT IS THEREFORE ANTICIPATED THAT THE IDF WILL INCREASE ITS REQUESTS FOR MUNITIONS AND SPARE PARTS DURING THIS PERIOD. DOLLAR LEVELS CANNOT BE ESTABLISHED; HOWEVER, TOTAL

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GAPS BETWEEN STOCKS ON HAND AND COMPUTED CONTINGENCY REQUIREMENTS ARE CURRENTLY SUBSTANTIAL AND WILL INCREASE BY 1979.

7. IMPACT ON ISRAEL'S ECONOMY - ISRAEL'S DEFENSE RE-QUIREMENTS HAVE ALWAYS POSED A HEAVY BURDEN ON THE ECONOMY. THE DRAIN ON MANPOWER AND RESOURCES, WHICH COULD OTHERWISE BE EMPLOYED IN EXPORTS ON IMPORT SUB-STITUTION, AND THE IMPACT ON INFLATION AND THE BALANCE OF PAYMENTS CONTINUE TO BE SEVERE. HOWEVER, IN THE CASE OF FMS PURCHASES. THE ONLY FOREIGN EXCHANGE COST IS THE PRINCIPAL AND INTEREST REQUIRED TO SERVICE THE LOANS COVERING THE NON-GRANT PORTION OF THE PROGRAM. THERE IS INCREASING PRESSURE FROM ISRAELI INDUSTRY AS WELL AS THE MINISTRY OF DEFENSE TO PRODUCE OR CO-PRODUCE ADDITIONAL WEAPONS SYSTEMS IN ISRAEL. IN FACT, THE GENEROSITY OF PAST U.S. ASSISTANCE COMBINED WITH ISRAELI BUDGET RE-STRAINTS HAVE ENCOURAGED THE IDF TO BUY IN THE U.S. RATHER THAN CONTRACT FOR LOCAL MANUFACTURE. TO ASSIST ISRAELI INDUSTRY EXPAND ITS HIGH TECHNOLOGY SECTOR, AND OTHERWISE BENEFIT FROM ASSOCIATION WITH AMERICAN FIRMS, I WOULD HOPE THAT A FAIRLY LIBERAL ATTITUDE COULD BE CONFIDENTIAL

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TAKEN TOWARD REQUESTS FOR CO-PRODUCTION. I BELIEVE THAT MORE CO-PRODUCTION IS POSSIBLE WITHOUT GETTING INTO PARTICULARLY SENSITIVE SECTORS.

8. CONTRACT PERSONNEL. THE NUMBER OF USG AND CIVILIAN CONTRACT PERSONNEL WILL VARY WITH THE SIZE AND COMPLEXITY OF THE WEAPONS SYSTEM FOR THOSE MAJOR DEFENSE RELATED U.S. COMPANIES DOING BUSINESS WITH ISRAEL FOR EXTENDED PERIODS OF TIME. NORMALLY NO MORE THAT TWO USG PERSONNEL ARE REQUIRED. USING THE F-15 PROGRAM AS A GUIDE FOR A MAJOR WEAPONS SYSTEM ACQUISITION, 25-30 CIVILAIN CONTRACTOR PERSONNEL CAN BE EXPECTED TO BE IN-COUNTRY FOR ONE YEAR, WITH 10-15 REMAINING FOR AN ADDITIONAL SIX MONTHS AND 5-7 FOR SIX MONTHS AFTER THAT. FOR SMALLER WYSTEMS SUCH AS THE VULCAN OR HARPOON, TWO CIVILAIN CONTRACTORS ARE PROGRAMMED IN-COUNTRY FOR SIX MONTHS. THESE FIGURES CAN SERVE AS GENERAL GUIDES. THE NUMBER OF PERSONNEL REQUIRED FOR VARIOUS CO-PRODUCTION OR OFFSET PRODUCTION SCHEMES IS IMPOSSIBLE TO ESTIMATE, ALTHOUGHT ISRAEL'S PROVEN TECHNOLOGICAL CAPA-BILITIES SUGGEST THAT THE NUMBERS WOULD BE SMALL.

9. ISRAELI MILITARY PURCHASES IN EUROPE. FACTORS
LIMITING ARMS PURCHASES IN EUROPE INCLUDE POLITICAL
RELATIONSHIPS, THE LACK OF EUROPEAN FINANCING AND THE
STRONG ISRAELI PREFERENCE FOR ADVANCED U.S. SYSTEMS.
THE TWO LARGEST CURRENT PRUCHASES ARE THE BRITISH SUBMARINE
PROGRAM AND FOLLWO-ON MIRAGE PARTS AND EQUIPMENT
FROM FRANCE. WE HAVE BEEN TOLD THAT THE TOTAL NON-U.S.
FOREIGN CURRENCY EXPENDITURE AMOUNTS TO SOME \$300
MILLION EACH YEAR. WE HAVE ALSO BEEN ADVISED THAT
OTHER WESTERN NATIONS HAVE APPROACHED ISRAEL WITH A
DESIRE TO ENTER INTO COOPERATIVE RESERACH AND DEVELOPMENT
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PROGRAMS. ISRAEL IS VERY KNOWLEDGEABLE OF THE "BUYERS MARKET" AND THE MEANS BY WHICH WEAPONS AND WEAPONS TECHNOLOGY TRANSFER HAS BEEN ACCOMPLISHED WITHOUT FORMAL APPROVAL OF THE GOVERNMENTS INVOLVED. THOUGH IT WOULD GREATLY PREFER AN OPEN IF NOT INTIMATE RELATIONSHIP WITH THE U.S. IN THESE AREAS, IF THE U.S. SHOULD CLOSE THE DOORS ON TECHNOLOGY TRANSFER CONSIDERED ESSENTIAL TO ISRAEL'S SECURITY NEEDS, ISRAEL WILL AGGRESSIVELY PURSUE SUCH DATA THROUGH ALL POSSIBLE SOURCES AND MEANS.

10. ARMS CONTROL IMPACT OF U.S. TRANSFER TO ISRAEL. THE U.S. HAS EVALUATED ALL SALES AND TRANSFERS OF ARMS AND TECHNOLOGY TO ISRAEL IN CONSIDERATION OF THE BALANCE OF FORCES IN THE MID-EAST AND WITH RECOGNITION OF THE NEED TO KEEP ISRAEL CONFICENT IN HER SECURITY SO THAT THE PEACE PROCESS COULD TAKE PLACE. NEEDLESS TO SAY, THE ARABS, WITH ABUNDANT RESOURCES AND ACCESS TO ALL SOURCES OF TECHNOLOGY AND WEAPONS, HAVE AND CAN PURCHASE COMPARABLE TYPE OF DEFENSE EQUIPMENT. IN TERMS OF QUANTITIES, THE ARABS POSSESS FAVORABLE RATIOS OF 3 AND 4 TO 1 IN MAJOR WEAPON SYSTEMS. HOWEVER, WE ARE OF THE OPINION THAT THE ARAB STATES ARE LIKELY TO CONSIDER TECHNOLOGY TRANSFER TO BE POTENTIALLY MORE DESTABILIZING OVER THE LONG RUN THAN THE PROVISION OF END ITEMS.

11. HUMAN RIGHTS. ISRAEL HAS AN EXCELLENT HUMAN RIGHTS RECORD IN ISRAEL PROPER. HOWEVER, THERE HAVE BEEN ALLEGATIONS OF DENIALS OF HUMAN RIGHTS IN THE ISRAELI ADMINISTRATION OF ARAB TERRITORIES IT HAS OCCUPIED SINCE 1967. FOR EXAMPLE, A RECENT ARTICLE IN THE LONDON SUNDAY TIMES CLAIMED THAT ISRAEL SYSTEMATICALLY TORTURES ARAB PRISONERS IN THE TERRITORIES. IF THESE ALLEGATIONS ARE VALIDATED, IN PART OF WHOLE, THE IMPACT OF SUCH ALLEGATIONS CONFIDENTIAL

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COULD BE EXPECTED TO ADVERSELY INFLUENCE THE ATTITUDES OF THE CONGRESS AND THE AMERICAN PEOPLE TOWEAR ISRAEL. APPROVAL OR DENIAL OF ISRAELI REQUESTS FOR SECURITY ASSISTANCE WILL PROBABLY NOT AFFECT THE HUMAN RIGHTS PRACTICES OF THE ISRAELI GOVERNMENT; IF WE WISH TO AFFECT THOSE PRACTICES, OTHER, MORE APPROPRIATE ACTIONS SHOULD BE USED.

12. SUPPORT OF U.S. ARMS CONTROL POLICY. ISRAEL HAS INDICATED A WILLINGNESS TO COOPERATE FULLY WITH U.S. GOALS AND POLICY OBJECTIVES IN THE TRANSFER OR SUPPLIER ROLE OF MILITARY HARDWARE TO THIRD COUNTRIES. IN FACT, A JOINT COMMITTEE HAS BEEN FORMED IN WASHINGTON TO FACILITATE SUCH COORDINATION AND COOPERATION. THE EMBASSY FEELS THAT ISRAEL WILL CONTINUE TO BE RESPONSIVE TO U.S. DESIRES AND OBJECTIVES.

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